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BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

DEPT. OF TRANSPORTATION
DOCKET SECTION

96 APR -3 PM 2: 24

Joint Application of

UNITED AIR LINES, INC.

and

DEUTSCHE LUFTHANSA, A.G.

(LUFTHANSA GERMAN AIRLINES)

for approval of and Antitrust Immunity for
expanded alliance agreement under 49 U.S.C.
§ § 41308 and 41309

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: Docket OST-96-1116 -12
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ANSWER OF NORTHWEST AIRLINES, INC.

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April 3, 1996

6 pgs.

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OFFICE OF THE SECRETARY
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Joint Application of

UNITED AIR LINES, INC.

and

DEUTSCHE LUFTHANSA, A.G.

(LUFTHANSA GERMAN AIRLINES)

: Docket OST-96-1116

for approval of and Antitrust Immunity for :
expanded alliance agreement under 49 U.S.C. :
§ § 41308 and 41309

ANSWER OF NORTHWEST AIRLINES, INC.

Northwest Airlines, Inc. ("Northwest"), pursuant to Order 96-3-26 issued and served by the Department on March 13, 1996, hereby files the following Answer to the Joint Application of United Air Lines, Inc. ("United") and Deutsche Lufthansa, A.G., d/b/a/ Lufthansa German Airlines ("Lufthansa"), for approval of and antitrust immunity for a series of agreements referred to by the joint applicants as the "Alliance Expansion Agreement".

Northwest takes no position with respect to the joint application, except to urge the Department to insure the availability of slots for U.S. carriers at Frankfurt International Airport in the context of considering the application. While Northwest at the present time has the airport slots it requires in Germany, from time to time Northwest and other carriers have had difficult acquiring slots at certain major German airports, particularly slot-controlled Frankfurt.

It is the Department's longstanding policy to consider antitrust immunity for cooperative marketing alliances only in circumstances where an "open skies" aviation agreement is in place. The primary rationale behind this policy is that the existence of an open skies regime leaves other U.S. carriers free to mount competitive responses to meet consumer demand and reflect the inter-play of market forces.' The Department thus properly considers the existence of an open skies agreement to be an essential, but not sufficient, prerequisite to the grant of antitrust immunity.²

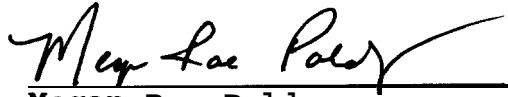
While the United States and Germany have tentatively executed an "open skies" agreement, there will not be open entry in the U.S.-Germany market if existing slot-constraints for U.S. carriers at Frankfurt are not addressed. Open skies could thus be a concept that fails to correspond to reality. To address this issue, Northwest urges the United States to insure the availability of

¹ See Joint Application of Northwest-Km for Antitrust Immunity, Show Cause Order 92-11-27 at 15-16 (Nov. 16, 1992) ("Because of the Open Skies accord, any U.S. carrier may serve the Netherlands from any point in the United States. As a result, other carriers have the opportunity and ability to enter the U.S.-Netherlands market and to increase their service if the applicants try to raise prices above competitive levels (or lower the quality of service below competitive levels).")

² The Department also must make a specific determination as to whether a proposed alliance would "substantially reduce or eliminate competition." 49 U.S.C. § 41309 (a)(1). See also Joint Application of Northwest-KLM for Antitrust Immunity, Final Order 93-1-11 (Jan. 11, 1993).

slots at Frankfurt in the context of considering this application
by United/Lufthansa for antitrust immunity.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Megan Rae Poldy", written over a horizontal line.

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April 3, 1996

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of April 1996, I served a copy of the foregoing document of Northwest Airlines on the following individuals by first class mail, postage prepaid:

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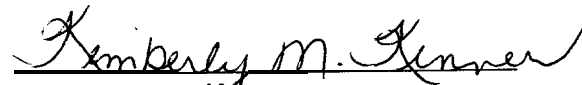
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